



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 10/21/2002

GAIN Report #PL2031

Poland

Strawberries

Annual

2002

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Report Highlights:

Polish strawberry production declined 33 percent in 2002 due to lower area and unfavorable weather. Frozen strawberry exports declined 28 percent to 90,000 MT in 2002 while fresh 2002 exports are estimated at 15,300 MT compared to 20,000 MT in 2001. Since new plantings are not expected to result in commercial production for 2-3 years, production in 2003 is projected to remain at roughly the same level as in 2002. Minimal impact on the strawberry sector is expected following Poland's likely 2004 EU accession.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Warsaw [PL1], PL

Table of Contents:

Executive Summary	2
Fresh Strawberries	2
Production	2
Purchase Prices for Strawberries:	3
PSD Table - Fresh Strawberries	4
Consumption	5
Price Table - Retail	5
Policy	5
Tariff Tables	6
Trade	7
Export Table - Fresh Strawberries	8
Import Table - Fresh Strawberries	9
Marketing	9
Frozen Strawberries	10
Production	10
PSD Table - Frozen Strawberries	10
Consumption	11
Price Table - Retail	11
Stocks	11
Trade	11
Effects of Poland's U.E. Accession on Trade:	12
Table - Export Strawberries Frozen	13
Table - Import Strawberries Frozen	14
Marketing	14

Executive Summary

Decreased area cultivated and unfavourable weather conditions resulted in a major production decline in the CY 2002 crop. Only 162,000 MT of strawberries were harvested this year compared with 242,000 in 2001. Some quality problems occurred with smaller fruit size. Fruit processing companies also complained about excessively tart flavour. It is estimated that Poland exported over 15,000 tons of the fresh or chilled strawberries, primarily to the European Union (Germany, Austria). Minimal quantities of table varieties were imported from Spain and Italy.

The significant decrease in fresh strawberry output in 2002 decreased the amount available for the processing industry. Due to limited production strawberry prices were at the highest level in three years. Prices offered by the processing industry for fresh strawberries this year (PLN 1.40-2.50, USD 0.33-0.60) were significantly higher than a year ago (PLN 0.95-1.00, USD 0.23-0.25). Export prices greatly varied during the summer starting quite low at the level of Euro 900 per ton (USD 875), increasing to Euro 1,200 (USD 1,166) by the end of the harvest. Polish exports of processed products (including frozen, canned, preserves and jams) were estimated at about 100,000 tons including 90,000 tons of frozen strawberries. The European Union remains Poland's biggest export market, with Germany the single largest importer of Polish frozen strawberries.

Low profits for strawberries in 2000 and 2001 did not encourage many Polish farmers to increase area under cultivation. This situation resulted in some fields being ploughed under during autumn 2001. Higher prices achieved in 2002 resulted in some older fields being replanted with new seedlings in the autumn of 2002. Consequently, over the next several years, the Polish strawberry crop is not expected to exceed 160,000 tons per year. For the first time since 1999, profitability increased in 2002.

Fresh Strawberries

Production

The area under strawberry cultivation in 2002 was the smallest since 1994 and amounted to only 44,000 HA in 2002. Very limited new plantings were recorded in the fall of 2002 and this reduced area of cultivation might only slightly increase in 2003 to 50,000 HA. Limited area and smaller production might increase strawberry prices in 2003 stimulating farmers to plant new seedlings in that season. Consequently, total area might increase in spring of 2004 to about 60,000 HA. The level of production depends greatly on weather conditions which have shifted over the last 15 years with yields fluctuating between a high of 4.21 MT/HA in 1991 to 2.85 MT/HA in 1998.

Weather conditions during spring 2002 were very favorable for the strawberry crop. No spring frost occurred. Weather conditions also remained favourable at the beginning of harvest. However, a sudden occurrence of hot weather at the beginning of May 2002 limited strawberry fruit growth. Rains which started at the beginning of July slightly shortened this year's strawberry harvest. Average 2002 yields were lower (3.65 tons/hectare) than 2001 yields (3.72 tons/hectare).

According to the Polish Institute of Agricultural Economics, there were limited profits in strawberry production this year although they were higher than in the previous two years.

Purchase Prices for Strawberries:

The harvest started early. First purchases occurred on May 3, 2002. During May, the purchase price offered by processors for strawberries with leaf stalk removed was PLN 1.40 (USD 0.33) per kilogram compared with PLN 0.95 per kilogram (USD 0.21) at the same time in 2001. The decrease in supply of strawberries resulted in higher prices throughout the harvest. By the end of July, farm-gate prices increased to PLN 2.50 (USD 0.60). During the 2002 harvest, there were no reports of strawberries with leaf stalk being purchased by the processing industry.

Poland's most popular varieties continue to be Senga Sengana (50% of crop), Dukat, Elsanta, Kent, Korona and Marmolada. The quality of the Senga Sengana variety has been decreasing steadily in recent years due to poor farming practices. Farmers have been attempting to reduce costs by using cuttings from older fields rather than investing in new seedlings. With the use of older cuttings, any diseases present in older plants are more easily spread resulting in lower yields. Farmers reportedly prefer Dukat and Elsanta to Senga Sengana because of its resistance to diseases. However, the Polish processing industry does not like these varieties because their tolerance to cold storage has not been proven. Polish farmers tend to have different varieties on each field.

There has been increased interest in the cultivation of fresh table varieties including Dukat, Kent and, especially, Elsanta in recent years. Polish farmers are aware that fresh table varieties attract higher prices and could increase the profitability of their operations. By introducing more varieties, they are able to both prolong the strawberry harvest season and to offer a new product for Polish markets and exports. The majority of Polish strawberry production is processed and not sold fresh.

PSD Table - Fresh Strawberries

PSD Table						
Country	Poland					
Commodity	Fresh Strawberries				(HA)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	65000	65800	63000	44400	0	50000
Area Harvested	65000	65800	63000	44400	0	50000
TOTAL Production	238000	242000	160000	162000	0	160000
Imports, Fresh	970	1427	970	1400	0	1400
TOTAL SUPPLY	238970	243427	160970	163400	0	161400
Exports, Fresh	14970	20900	11970	15300	0	15000
Domestic Fresh Market	84000	82527	40000	39100	0	30500
For Processing	140000	140000	109000	109000	0	115900
TOTAL UTILIZATION	238970	243427	160970	163400	0	161400

* Production area and figures are the official Polish Statistical Office figures. Polish statistics do not include some smaller farms and non-industry plantations. The Statistical Office plans to change its calculation procedure in 2003 to more fully reflect small farm production.

Consumption

During the past several years, consumption of fresh strawberries has remained constant at about 1.5 kg/per capita and is expected to remain at a similar level in 2003.

Price Table - Retail

Prices Table			
Country	Poland		
Commodity	Fresh Strawberries		
Prices in	Zlotys	per uom	kilogram
Year	2000	2001	% Change
Jan			
Feb			
Mar			
Apr			
May		15.15	
Jun	3.16	4.63	46.52%
Jul	5.27	2.4	-54.46%
Aug			
Sep			
Oct			
Nov			
Dec			
Exchange Rate	4.12	Local currency/US \$	

Policy

The Government of Poland (GOP) through the Ministry of Agriculture and Rural Development's Agency For Restructuring and Modernizing of Agriculture offers the following preferential agricultural credits:

Basic investment credit (utilized primarily for the construction of new buildings, food processing activities): GOP subsidizes loans to farmers at less than half the commercial agricultural credit rate which can be as high as 35 percent. Loans under this program average 12.36-13.44 percent interest rate.

Credits for new farmers below age 40 (utilized for land purchase as well as construction of new farm buildings): Farmers meeting the program criteria receive loans with 5.38 percent interest rate.

Credits for purchase of additional land: Farmers can obtain loans at 5.38 percent interest rate.

Credit for development of new agricultural production (includes purchase of seedlings) at 5.38-13.34 percent interest rate.

Loans for creation of agricultural farms approved by the Minister of Agriculture at 5.38 -13.44 percent interest rate.

Tariff Tables

PCN Code	Product	Preferential tariffs for:						
	Fresh Strawberries	MFN Tariff	Czech Slovak Republic	Hungary	Lithuania	Latvia	Post EU Accession Code**	EU Tariff**
081010001	Strawberries, Fresh, imported Jan 1- Apr 30	20%	0	15%	10%	0%	08101001 Strawberries Fresh, intended for processing	11.2% Unit value: 131.51 EUR VU/100kg
081010003	Strawberries, Fresh, imported May1- July 31*	40%	5%	15%	10%	15%	Code No Longer Exists	
081010009	Strawberries, Fresh, imported Aug 1 - Dec 31	20%	0	15%	10%	0%	081010009 Strawberries Fresh, other	11.2% Unit value: 131.51 EUR VU/100kg

* Please note that a tariff rate quota for fresh strawberries is in effect between May 1 - July 31. Imports made within the quota of 19 tons are assessed a lower tariff of 20 percent. This will remain the standard until EU accession, upon Poland's accession to the EU, no such quota will be put into effect.

**The tariff included in this column will only become applicable when Poland becomes a member of the EU. Currently, the proposed date for Polish accession is 2004.

PCN Code	Product	Preferential tariffs for:			Post EU** accession
	Frozen Strawberries	MFN Tariff	Czech, Slovak Reps Hungary Slovenia Romania Bulgaria	Latvia	
0811 10	Strawberries containing added sugar or other sweetening matter:				
0811 10 11	Strawberries boiled/frozen with sugar content of more than 13%	30%	9%	0%	20.8% + 8.4 EUR/100 kg
0811 10 19	Other	30%	9%	0%	20.8%
0811 10 90	Other	25%	9%	0%	4.4%
0812 90 9930	Preserved strawberries not for immediate consumption	25%	0	0	8.8%

**The tariff included in this column will only become applicable when Poland becomes a member of the EU. Currently, the proposed date for Polish accession is 2004.

Trade

Poland annually exports around 12,000-20,000 tons of fresh and/or chilled strawberries. The European Union (Germany, Austria) imports almost all of the product. During MY 01/02, exports were estimated at 15,300 tons and are expected to remain at a similar level in MY 2002/2003. Polish analysts expect exports of fresh product will increase in the next 5-10 years as Polish farmers increase production of table varieties. Polish product is exported by small Polish private firms as well as branch offices of foreign (mostly German) firms.

During the off season, limited quantities of fresh strawberries are imported by air from Spain and Italy. High prices (two to three times higher than that of Polish strawberries during harvest season) limit sales.

For the following tables, please note that the Polish statistics combine both fresh and chilled strawberries.

Export Table - Fresh Strawberries

Export Trade Matrix			
Country	Poland		
Commodity	Fresh Strawberries		
Time period	12 months	Units:	Tons
Exports for:	2000		2001
U.S.		U.S.	
Others		Others	
Germany	5488	Germany	10788
Austria	2285	Austria	3100
Netherlands	1695	Netherlands	2888
Switzerland	509	Belgium	1428
Czech Rep.	461	Czech Rep.	717
Total for Others	10438		18921
Others not Listed	1142		2023
Grand Total	11580		20944

Import Table - Fresh Strawberries

Import Trade Matrix			
Country	Poland		
Commodity	Fresh Strawberries		
Time period	12 months	Units:	
Imports for:	2000		2001
U.S.		U.S.	
Others		Others	
Spain	684	Spain	615
Italy	162	Italy	404
Germany	41	Austria	115
Marocco	37	Germany	113
Austria	31	Switzerland	75
Egypt	1	Netherlands	64
Total for Others	956		1386
Others not Listed	14		41
Grand Total	970		1427

Marketing

During the harvest season, vendors traditionally sell fresh strawberries in wooden baskets containing 2 kg of fruit from the back of trucks or from temporary stands. The dynamic growth of the supermarket/hypermarket retail outlets has resulted in a consolidation of wholesale suppliers. Hypermarkets tend to contract with individuals or supplier groups.

Polish exports of fresh and chilled strawberries are carried out by private Polish firms as well as foreign companies seasonally operating in Poland. Foreign companies (mostly German) either set up purchasing points or pre-contract with Polish farmers. Product is purchased directly from farms and either pre-cooled before transport or transported in temperature-controlled trucks to Germany for further processing. Polish traders and representatives of local freezers also purchase fresh product from farmers. However, lacking financial resources, Polish companies often find it difficult to compete with the foreign firms. Limited quantities of imported fresh strawberries, which appear during the off season, are mostly sold in supermarkets and on vegetable stands in larger cities.

Frozen Strawberries

Production

Sixty to seventy percent of strawberry production is annually sold as frozen product. Of the 115,000 MT of fresh strawberries delivered to processors in 2002, about 105,000 MT of frozen product was produced. In 2002, in many cases fresh fruit processors complained about the unusually small size of the fruit and tart flavor of the strawberries.

PSD Table - Frozen Strawberries

PSD Table						
Country	Poland					
Commodity	Frozen Strawberries				(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Deliv. To Processors	140000	140000	109000	109000	0	115000
Beginning Stocks	5500	5500	0	0	0	0
Production	110000	130000	103000	103000	0	105000
Imports	500	500	1000	1000	0	1000
TOTAL SUPPLY	116000	136000	104000	104000	0	106000
Exports	96000	126600	83000	90000	0	90000
Domestic Consumption	20000	9400	21000	14000	0	15500
Ending Stocks	0	0	0	0	0	500
TOTAL DISTRIBUTION	116000	136000	104000	104000	0	106000

Consumption

Consumption of frozen strawberries in Poland is only about 0.2 kg per capita. Poles prefer purchasing fresh product during the harvest season as well as consuming products processed at home (jams, compotes etc.).

Price Table - Retail

Prices Table			
Country	Poland		
Commodity	Frozen Strawberries		
Prices in	Zlotys	per uom	kilogram
Year	2000	2001	% Change
Jan	10.78	9.64	-10.58%
Feb	10.7	9.62	-10.09%
Mar	10.6	9.64	-9.06%
Apr	10.44	9.6	-8.05%
May	10.3	9.58	-6.99%
Jun	9.94	9.52	-4.23%
Jul	9.9	9.44	-4.65%
Aug	9.86	9.4	-4.67%
Sep	9.72	9.32	-4.12%
Oct	9.78	9.32	-4.70%
Nov	9.78	9.32	-4.70%
Dec	9.94	9.24	-7.04%
Exchange Rate	4.12	Local currency/US \$	

Stocks

No official data on stocks are available. Post uses estimates obtained from the Institute of Agricultural Economy and the Polish Ministry of Agriculture and Rural Development. Carryover stocks of frozen strawberries depend on the total supply and price in any given year. The lower the price and the higher the quantity, the more likely some frozen product will be stored. Stocks are held in cold storage facilities throughout Poland. In 2002 very limited stocks are reported still in the freezing houses. However, most of these products have already been sold abroad and are only temporarily being stored in Poland.

Trade

Poland continues to be the major supplier of frozen strawberries to the European Union. Germany is Poland's largest market. During the summer of 2002, export prices increased from the level of Euro 900 (USD 875) at the beginning of the season to Euro 1,300 (USD 1,263) per ton at the end of the season as compared with Euro 615 (USD 597) offered during summer 2001.

Poland continues to be a major supplier of frozen strawberries to the European Union. Germany is Poland's largest market.

In the past, Hortex (currently a private firm, formerly one of the state owned Polish export-import enterprises) was responsible for most of the Polish exports. This company is currently undergoing major changes and very limited funding was available for raw material purchases during this year's harvest. Hortex's share of the export market has dropped to under 10 percent and continues to decline. Currently, other export companies include: Hortino, Freezing House Olsztyn and Elsner.

Polish medium and small size companies also experienced a very difficult trade year during 2002. The lack of government financial support for purchases as well as the lack of preferential credits for trading companies hurt production. These factors, together with overall slower development of the Polish economy, resulted in very limited purchases of strawberries for processing, especially in the case of smaller firms.

Many "seasonal" companies with foreign investment (mostly German) also purchase fresh product locally. They contract with Polish freezers for processing fruits and then transport frozen strawberries to destination markets.

Limited imports of frozen strawberries enter Poland from countries such as Spain, China and Germany.

Effects of Poland's U.E. Accession on Trade:

According to trade sources, Poland's accession to the E.U. will not have any major effects on the strawberry trade or industry. While attempts are being made to obtain direct payments for strawberry cultivation at this time it is uncertain if approval will be granted by the E.U. Also, many of the E.U. trading firms dealing with purchasing/processing of strawberries already have either permanent or seasonal representation on the Polish market.

Table - Export Strawberries Frozen

Export Trade Matrix			
Country	Poland		
Commodity	Frozen Strawberries		
Time period	12 months	Units:	
Exports for:	2000		2001
U.S.	118	U.S.	1993
Others		Others	
Germany	40781	Germany	53658
Netherlands	12738	Netherlands	15337
France	5332	France	10218
Denmark	5269	Denmark	8504
Great Britain	4008	Belgium	5640
Sweden	3443	Great Britain	4871
Belgium	4072	Sweden	4726
Austria	3343	Austria	4273
Norway	3106	Norway	2914
Finland	1916	Finland	2392
Total for Others	84008		112533
Others not Listed	9178		12063
Grand Total	93304		126589

Table - Import Strawberries Frozen

Import Trade Matrix			
Country	Poland		
Commodity	Frozen Strawberries		
Time period	12 months	Units:	Tons
Imports for:	2000		2001
U.S.	53	U.S.	
Others		Others	
Germany	632	Germany	796
France	93	Netherlands	110
Austria	61	Sweden	82
Great Britain	44	Belgium	66
Sweden	41	Austria	63
		Switzerland	44
		Czech Rep.	42
		Finland	22
		Italy	22
		France	22
Total for Others	871		1269
Others not Listed	228		49
Grand Total	1152		1318

Marketing

Over the past several years changes occurred in methods of distribution of frozen products, including strawberries, in Poland. The appearance of new retail outlets throughout Poland has created a demand for national distribution of frozen products. In the past, Hortex was the only company capable of delivering their products at the national level. Currently, two distribution groups have established themselves on the Polish market - Frozen Food Group and KFD.

Both of these associations are composed of several large distribution firms which work closely with individual freezing companies and frozen food producers. Transportation is conducted by a specialized fleet of freezer trucks contracted from transportation companies. Both organizations often provide smaller shops with storage freezers used for storage of many different frozen products, including strawberries. Some of the recently privatized freezing companies are trying to serve local markets with their products. Often, they also provide their own transportation.